

The Social Security 2100 Act

- **Strengthen the benefits received by all current and future Social Security recipients.**
- **Ensure the system remains solvent through nearly the end of this century.**

Social Security is not an entitlement – it is insurance Americans have paid for to fund retirement, disability, and survivor benefits earned through a lifetime of work. Social Security helped build the middle class, it is the most dependable leg of the retirement stool, and it is our most effective anti-poverty program. The Social Security 2100 Act builds on what makes Social Security great by improving upon the modest benefits Americans receive and will ensure that the system is able to continue to pay 100% of the benefits you have through nearly the end of the century.

- **Americans value Social Security:** *89% say that Social Security benefits now are more important than everⁱ.* In the face of stagnant wages, defined-benefit pensions becoming rare, and 401k's that haven't kept up, Social Security has been the only reliable source of retirement income through the ups and downs of the economy. For most retirees, Social Security provides over half of their income and for one-third of retirees, 90% of their income is from Social Security.
- **Americans support expanding Social Security:** *75% of Americans believe we should increase Social Security benefitsⁱⁱ.* A modest boost in these vital benefits will go a long way towards improving the lives of all Americans. The Social Security 2100 Act would improve benefits with a modest across the board benefit increase, adoption of a more accurate cost of living adjustment, a new special minimum benefit, and a tax cut for beneficiaries.
- **Americans are willing to pay for Social Security:** *84% “don't mind paying Social Security taxes because it provides security and stability to millions of retired Americans, disabled individuals, and the children and widowed spouses of deceased workersⁱⁱⁱ.”* This proposal is fully paid for and according to the Social Security Administration's Chief Actuary is projected to keep the system solvent beyond the next 75 years. It would accomplish this by asking millionaires and billionaires to pay into the system, by gradually increasing the contribution rate, and improving the rate of return on the Trust Fund's reserves. It would also keep the Disability Insurance (DI) Trust Fund solvent.

What's in the Proposal:

- The assurance that the system will be there through nearly the end of this century.
- It is fully paid for. No gimmicks. It is actuarially sound.
- Increase for all beneficiaries
- Improved protection against inflation
- Tax cut for over 10 million beneficiaries
- A strengthened minimum benefit

What's not in the Proposal:

- It does not cut benefits
- It does not raise the retirement age
- It does not reduce the COLA
- It does not create private accounts
- It does not dismantle the system

Strengthen Benefits

- **Benefit bump for current and new beneficiaries** – Provides a modest increase for all beneficiaries starting in 2015 that is the equivalent of 2% of the average benefit. Increasing benefits will help seniors to get back what they've lost as increased medical costs have eroded Social Security benefits over the last two decades.^{iv} It will especially help low-income beneficiaries who rely on Social Security for the majority of their income.
- **Protection against inflation** – Improve the annual cost of living adjustment (COLA) formula to better reflect the costs incurred by seniors through adopting a CPI-E formula. This provision will help seniors who spend a greater portion of their income on health care and other necessities. Improved inflation protection will especially help older retirees who are more likely to rely on Social Security benefits as they age.
- **Cut taxes for beneficiaries** – Over 10 million Social Security recipients would see a tax cut. Presently, your Social Security benefits are taxed if you have non-Social Security income exceeding \$25,000 for an individual or \$32,000 for couples. This would raise that threshold to \$50,000 and \$100,000 respectively.
- **Protect low income workers** – No one who paid into the system over a lifetime should retire into poverty. The new minimum benefit will be set at 25% above the poverty line rather than below it. It would be indexed to wages to ensure that the minimum benefit does not fall behind.

Strengthen the Trust Fund

- **Contribution rate increase** – Phase in a gradual increase in the contribution rate over 20 years so that workers and employers would pay an additional 1% in 2037. For the average worker that would mean an additional 50 cents per week each year to keep the system solvent.
- **Have millionaires and billionaires pay the same rate as everyone else.** Presently, payroll taxes are not collected on wages over \$117,000. This legislation would apply the payroll tax to wages above \$400,000. In order to maintain the link between contributions and benefits a 2% benefit credit would be applied.

- **Improve the rate of return** – This provision would only kick in if actuarial projections showed it was necessary to achieve long-term solvency. It would allow a portion of the trust fund’s reserves to be invested back into the American economy to bolster the system as more baby boomers begin to retire. This is based on a plan put forth by former Social Security Commissioner Robert Ball and Social Security Works co-director Nancy Altman^v and is similar to what is currently done in the railroad retirement program, the Federal Reserve Board pension system, and many state pension systems. The investment in a broad-based, diversified index fund would be overseen by an independent board with fiduciary responsibilities and limited to no more than 25% of Trust Fund reserves. This provision will not affect the benefits guaranteed to individuals as it will be solely used to bolster the Trust Fund.
- **Addresses the Disability Insurance trust fund** – The Disability Insurance (DI) program is a vital part of the Social Security system. However, the DI fund is projected to become depleted in 2016 and this bill would include a payroll tax reallocation to ensure the solvency of the DI program. While DI technically has its own trust fund, the combined Old-Age and Survivors Insurance fund and the Disability Insurance fund are what are commonly referred to as the Social Security Trust Fund. Congress has never let either the OASI or the DI trust funds become depleted and has taken similar reallocation measures 11 times in the past. This has always been a noncontroversial, technical fix and would not affect the projected solvency of the Social Security Trust Fund.

Americans rightly cherish Social Security^{vi}, however many Americans – especially younger workers^{vii} – lack confidence that the system will be there for them in the future. The reality is that Social Security is strong, but due to long-term demographics, benefits are set to fall by one quarter after 2033. Fortunately, there are common sense measures we can take to keep the system strong for the remainder of the century. Because the system is not facing an immediate crisis, we have an opportunity to create thoughtful, forward-thinking policy instead of the all-too-common practice of waiting for an emergency. It is our responsibility to make the system last and to make sure that benefits keep up with the needs of today, which is why we should act now to strengthen our bedrock social insurance program.

7 out of 10 Americans would prefer a package of adopting the CPI-E, raising the minimum benefit, gradually increasing the payroll tax over 20 years, and having millionaires and billionaires pay into the system over the status quo. The Social Security 2100 Act includes a version of all four provisions in the preferred package. ^{viii}

ⁱ [National Academy of Social Insurance](#)

ⁱⁱ [National Academy of Social Insurance](#)

ⁱⁱⁱ [National Academy of Social Insurance](#)

^{iv} [Social Security Works](#)

^v Ball/Altman Plan: <http://www.thebattleforsocialsecurity.com/plan.php>

^{vi} 72% of Americans have a favorable view of Social Security ([NASI](#))

^{vii} About half (51%) of Millennials believe they will get no benefits from Social Security and 39% predict they will get benefits at reduced levels ([Pew](#)).

^{viii} [National Academy of Social Insurance](#)